

Adopted	Rejected
---------	----------

## COMMITTEE REPORT

YES:	21
NO:	2

### MR. SPEAKER:

*Your Committee on Ways and Means, to which was referred Senate Bill 502, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning
- 3 taxation.
- 4 Page 1, between the enacting clause and line 1, begin a new
- 5 paragraph and insert:
- 6 "SECTION 1. IC 6-1.1-4-4, AS AMENDED BY P.L.198-2001,
- 7 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 8 UPON PASSAGE]: Sec. 4. (a) A general reassessment, involving a
- 9 physical inspection of all real property in Indiana, shall begin July 1,
- 10 2000, and each fourth year thereafter. Each reassessment shall be
- 11 completed on or before March 1 of the immediately following
- 12 even-numbered year and shall be the basis for taxes payable in the year
- 13 following the year in which the general assessment is to be completed.

1 **However, the general reassessment scheduled to begin under this**  
 2 **subsection on July 1, 2000, shall be completed on or before March**  
 3 **1, 2003, and shall be the basis for taxes first due and payable in**  
 4 **2004.**

5 (b) In order to ensure that assessing officials and members of each  
 6 county property tax assessment board of appeals are prepared for a  
 7 general reassessment of real property, the ~~state board~~ **department of**  
 8 ~~tax commissioners~~ **local government finance** shall give adequate  
 9 advance notice of the general reassessment to the county and township  
 10 taxing officials of each county.

11 SECTION 2. IC 6-1.1-4-32, AS ADDED BY P.L.151-2001,  
 12 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 13 UPON PASSAGE]: Sec. 32. (a) As used in this section, "qualifying  
 14 county" means a county having a population of more than four hundred  
 15 thousand (400,000) but less than seven hundred thousand (700,000).

16 (b) Notwithstanding ~~IC 6-1.1-4-15 and IC 6-1.1-4-17~~, **sections 15**  
 17 **and 17 of this chapter**, a township assessor in a qualifying county may  
 18 not appraise property, or have property appraised, for the general  
 19 reassessment of real property to be completed for the March 1, ~~2002~~,  
 20 **2003**, assessment date. Completion of that general reassessment in a  
 21 qualifying county is instead governed by this section. The only duty of:

- 22 (1) a township assessor in a qualifying county; or  
 23 (2) a county assessor of a qualifying county;

24 with respect to that general reassessment is to provide to the ~~state board~~  
 25 **department of tax commissioners local government finance** or the  
 26 ~~state board's department's~~ contractor under subsection (c) any support  
 27 and information requested by the ~~state board~~ **department** or the  
 28 contractor.

29 (c) The ~~state board of tax commissioners~~ **department of local**  
 30 **government finance** shall select and contract with a nationally  
 31 recognized certified public accounting firm with expertise in the  
 32 appraisal of real property to appraise property for the general  
 33 reassessment of real property in a qualifying county to be completed for  
 34 the March 1, ~~2002~~, **2003**, assessment date. The contract applies for the  
 35 appraisal of land and improvements with respect to all classes of real  
 36 property in the qualifying county. The contract must include:

- 37 (1) a provision requiring the appraisal firm to:  
 38 (A) prepare a detailed report of:

- 1 (i) expenditures made after July 1, 1999, and before the date
- 2 of the report from the qualifying county's reassessment fund
- 3 under ~~IC 6-1.1-4-28~~; **section 28.5 of this chapter**; and
- 4 (ii) the balance in the reassessment fund as of the date of the
- 5 report; and
- 6 (B) file the report with:
  - 7 (i) the legislative body of the qualifying county;
  - 8 (ii) the prosecuting attorney of the qualifying county;
  - 9 (iii) the ~~state board department of tax commissioners~~; **local**
  - 10 **government finance**; and
  - 11 (iv) the attorney general;
- 12 (2) a fixed date by which the appraisal firm must complete all
- 13 responsibilities under the contract;
- 14 (3) a provision requiring the appraisal firm to use the land values
- 15 determined for the qualifying county under ~~IC 6-1.1-4-13.6~~;
- 16 **section 13.6 of this chapter**;
- 17 (4) a penalty clause under which the amount to be paid for
- 18 appraisal services is decreased for failure to complete specified
- 19 services within the specified time;
- 20 (5) a provision requiring the appraisal firm to make periodic
- 21 reports to the ~~state board department of tax commissioners~~; **local**
- 22 **government finance**;
- 23 (6) a provision stipulating the manner in which, and the time
- 24 intervals at which, the periodic reports referred to in subdivision
- 25 (5) are to be made;
- 26 (7) a precise stipulation of what service or services are to be
- 27 provided;
- 28 (8) a provision requiring the appraisal firm to deliver a report of
- 29 the assessed value of each parcel in a township in the qualifying
- 30 county to the ~~state board department of tax commissioners~~; **local**
- 31 **government finance**; and
- 32 (9) any other provisions required by the state board of tax
- 33 commissioners.
- 34 (d) After receiving the report of assessed values from the appraisal
- 35 firm, the ~~state board department of tax commissioners~~ **local**
- 36 **government finance** shall give notice to the taxpayer and the county
- 37 assessor, by mail, of the amount of the reassessment. The notice of
- 38 reassessment is subject to appeal by the taxpayer to the ~~state~~ **Indiana**

board. ~~of tax commissioners.~~ Except as provided in subsection (e), the procedures and time limitations that apply to an appeal to the ~~state~~ **Indiana** board ~~of tax commissioners~~ of a determination of the county property tax assessment board of appeals under IC 6-1.1-15 apply to an appeal under this subsection. A determination by the ~~state~~ **Indiana** board ~~of tax commissioners~~ of an appeal under this subsection is subject to appeal to the tax court under IC 6-1.1-15.

(e) In order to obtain a review by the ~~state~~ **Indiana** board ~~of tax commissioners~~ under subsection (d), the taxpayer must file a petition for review with the appropriate county assessor within forty-five (45) days after the notice of the ~~state board department of tax commissioners local government finance~~ is given to the taxpayer under subsection (d).

(f) The ~~state board department of tax commissioners local government finance~~ shall mail the notice required by subsection (d) within ninety (90) days after the board receives the report for a parcel from the professional appraisal firm.

(g) The cost of a contract under this section shall be paid from the property reassessment fund of the qualifying county established under ~~IC 6-1.1-4-27.~~ **section 27.5 of this chapter.**

(h) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2 on a contract of the ~~state board department of tax commissioners local government finance~~ under this section:

- (1) The commissioner of the department of administration.
- (2) The director of the budget agency.
- (3) The attorney general.
- (4) The governor.

**A contract issued under this section by the state board of tax commissioners shall be treated as the contract of the department of local government finance for all purposes.**

(i) With respect to a general reassessment of real property to be completed under ~~IC 6-1.1-4-4~~ **section 4 of this chapter** for an assessment date after the March 1, ~~2002;~~ **2003**, assessment date, the ~~state board department of tax commissioners local government finance~~ shall initiate a review with respect to the real property in a qualifying county or a township in a qualifying county, or a portion of the real property in a qualifying county or a township in a qualifying

county. The ~~state board~~ **department of local government finance** may contract to have the review performed by an appraisal firm. The ~~state board~~ **department of local government finance** or its contractor shall determine for the real property under consideration and for the qualifying county or township the variance between:

(1) the total assessed valuation of the real property within the qualifying county or township; and

(2) the total assessed valuation that would result if the real property within the qualifying county or township were valued in the manner provided by law.

(j) If:

(1) the variance determined under subsection (i) exceeds ten percent (10%); and

(2) the ~~state board of tax commissioners~~ **department of local government finance** determines after holding hearings on the matter that a special reassessment should be conducted;

the ~~state board~~ **department of local government finance** shall contract for a special reassessment by an appraisal firm to correct the valuation of the property.

(k) If the variance determined under subsection (i) is ten percent (10%) or less, the ~~state board department of tax commissioners local government finance~~ shall determine whether to correct the valuation of the property under:

(1) sections 9 and 10 of this chapter; or

(2) IC 6-1.1-14-10 and IC 6-1.1-14-11.

(l) The ~~state board department of tax commissioners local government finance~~ shall give notice by mail to a taxpayer of a hearing concerning the ~~state board's intent of the department of local government finance~~ to cause the taxpayer's property to be reassessed under this section. The time fixed for the hearing must be at least ten (10) days after the day the notice is mailed. The ~~state board department of local government finance~~ may conduct a single hearing under this section with respect to multiple properties. The notice must state:

(1) the time of the hearing;

(2) the location of the hearing; and

(3) that the purpose of the hearing is to hear taxpayers' comments and objections with respect to the ~~state board's intent of the~~

**department of local government finance** to reassess property under this chapter.

(m) If the ~~state board~~ **department of tax commissioners local government finance** determines after the hearing that property should be reassessed under this section, the ~~state board~~ **department of local government finance** shall:

- (1) cause the property to be reassessed under this section;
- (2) mail a certified notice of its final determination to the county auditor of the qualifying county in which the property is located; and
- (3) notify the taxpayer by mail of its final determination.

(n) A reassessment may be made under this section only if the notice of the final determination under subsection (l) is given to the taxpayer within the same period prescribed in IC 6-1.1-9-3 or IC 6-1.1-9-4.

(o) If the ~~state board~~ **department of tax commissioners local government finance** contracts for a special reassessment of property under this section, the ~~state board~~ **department of local government finance** shall forward the bill for services of the contractor to the county auditor, and the county shall pay the bill from the county reassessment fund.

(p) A township assessor in a qualifying county or a county assessor of a qualifying county shall provide information requested in writing by the ~~state board~~ **department of tax commissioners local government finance** or ~~the state board's~~ **its** contractor under this section not later than seven (7) days after receipt of the written request from the state board or the contractor. If a township assessor or county assessor fails to provide the requested information within the time permitted in this subsection, the ~~state board~~ **department of tax commissioners local government finance** or ~~the state board's~~ **its** contractor may seek an order of the tax court under IC 33-3-5-2.5 for production of the information.

(q) The provisions of this section are severable in the manner provided in IC 1-1-1-8(b).

SECTION 3. IC 6-1.1-4-33 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 33. (a) This section applies only to property taxes first due and payable in 2003.**

(b) Notwithstanding the rulemaking authority granted to the department of local government finance under IC 6-1.1, the repeal of various provisions in 50 IAC 2.2 by LSA Document #00-108, and the repeal of various provisions in 50 IAC 5.1 by LSA Document #01-347, the determination of the assessed value of tangible real property on an assessment date in calendar year 2002 shall be made in accordance with the:

(1) statutes; and

(2) rules of the state board of tax commissioners (before its termination);

in effect on July 1, 2001, and any statute enacted by the general assembly in 2002 that applies to an assessment date in 2002.

(c) This section expires January 1, 2004.

SECTION 4. IC 6-3.1-24 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

**Chapter 24. Venture Capital Investment Tax Credit**

**Sec. 1.** As used in this chapter, "pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

**Sec. 2.** As used in this chapter, "qualified Indiana business" means an independently owned and operated business that is certified as a qualified Indiana business by the department of commerce under section 7 of this chapter.

**Sec. 3.** As used in this chapter, "qualified investment capital" means debt or equity capital that is provided to a qualified Indiana business.

**Sec. 4.** As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-2.1 (the gross income tax);

(2) IC 6-2.5 (state gross retail and use tax);

(3) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(4) IC 6-3-8 (the supplemental corporate net income tax);

(5) IC 6-5-10 (the bank tax);

(6) IC 6-5-11 (the savings and loan association tax);

1           (7) IC 6-5.5 (the financial institutions tax); and  
 2           (8) IC 27-1-18-2 (the insurance premiums tax);  
 3 as computed after the application of the credits that under  
 4 IC 6-3.1-1-2 are to be applied before the credit provided by this  
 5 chapter.

6           Sec. 5. As used in this chapter, "taxpayer" means an individual  
 7 or entity that has any state tax liability.

8           Sec. 6. A taxpayer that provides qualified investment capital to  
 9 a qualified Indiana business is entitled to a credit against the  
 10 person's state tax liability in a taxable year equal to the amount  
 11 specified in section 10 of this chapter.

12          Sec. 7. (a) The department of commerce shall certify that a  
 13 business is a qualified Indiana business if the department  
 14 determines that the business:

15           (1) is a high growth company that:

16               (A) is entering a new product or process area;

17               (B) has a substantial number of employees in jobs:

18                   (i) requiring postsecondary education or its equivalent;

19                   or

20                   (ii) that are in occupational codes classified as high skill  
 21 by the Bureau of Labor Statistics, United States  
 22 Department of Labor; and

23               (C) has a substantial number of employees that earn at  
 24 least one hundred fifty percent (150%) of Indiana per  
 25 capita personal income;

26           (2) has its headquarters in Indiana;

27           (3) is primarily focused on research and development,  
 28 technology transfers, or the application of new technology or  
 29 is determined by the department of commerce to have  
 30 significant potential to:

31               (A) bring substantial capital into Indiana;

32               (B) create jobs;

33               (C) diversify the business base of Indiana; or

34               (D) significantly promote the purposes of this chapter in  
 35 any other way;

36           (4) has had average annual revenues of less than ten million  
 37 dollars (\$10,000,000) in the two (2) years preceding the year  
 38 in which the business received qualified investment capital

1 from a taxpayer claiming a credit under this chapter;

2 (5) has:

3 (A) at least fifty percent (50%) of its employees residing in  
4 Indiana; and

5 (B) at least seventy-five percent (75%) of its assets located  
6 in Indiana; and

7 (6) is not engaged in a business involving:

8 (A) real estate;

9 (B) real estate development;

10 (C) insurance;

11 (D) professional services provided by an accountant, a  
12 lawyer, or a physician;

13 (E) retail sales, except when the primary purpose of the  
14 business is the development or support of electronic  
15 commerce using the Internet; or

16 (F) oil and gas exploration.

17 (b) A business shall apply to be certified as a qualified Indiana  
18 business on a form prescribed by the department.

19 (c) If a business is certified as a qualified Indiana business under  
20 this section, the department shall provide a copy of the certification  
21 to the investors in the qualified Indiana business for inclusion in  
22 tax filings.

23 (d) The department may impose an application fee of not more  
24 than two hundred dollars (\$200).

25 Sec. 8. (a) A certification provided under section 7 of this  
26 chapter must include notice to the investors of the maximum  
27 amount of tax credits available under this chapter for the provision  
28 of qualified investment capital to the qualified Indiana business.

29 (b) The maximum amount of tax credits available under this  
30 chapter for the provision of qualified investment capital to a  
31 particular qualified Indiana business equals the lesser of:

32 (1) the total amount of qualified investment capital provided  
33 to the qualified Indiana business in the calendar year,  
34 multiplied by twenty percent (20%); or

35 (2) two hundred fifty thousand dollars (\$250,000).

36 Sec. 9. (a) The total amount of tax credits that may be allowed  
37 under this chapter in a particular calendar year may not exceed  
38 five million dollars (\$5,000,000).

1       (b) Notwithstanding the other provisions of this chapter, a  
2 taxpayer is not entitled to a credit for providing qualified  
3 investment capital to a qualified Indiana business before January  
4 1, 2004, or after December 31, 2007.

5       Sec. 10. Subject to sections 8 and 13 of this chapter, the amount  
6 of the credit to which a taxpayer is entitled under section 6 of this  
7 chapter equals the product of:

8           (1) twenty percent (20%); multiplied by

9           (2) the amount of the qualified investment capital provided to  
10 a qualified Indiana business by the taxpayer in the taxable  
11 year.

12       Sec. 11. If a pass through entity is entitled to a credit under  
13 section 6 of this chapter but does not have state tax liability against  
14 which the tax credit may be applied, a shareholder, partner, or  
15 member of the pass through entity is entitled to a tax credit equal  
16 to:

17           (1) the tax credit determined for the pass through entity for  
18 the taxable year; multiplied by

19           (2) the percentage of the pass through entity's distributive  
20 income to which the shareholder, partner, or member is  
21 entitled.

22       Sec. 12. If the amount of the credit determined under section 10  
23 of this chapter for a taxpayer in a taxable year exceeds the  
24 taxpayer's state tax liability for that taxable year, the taxpayer  
25 may carry the excess over to the following taxable years. The  
26 amount of the credit carryover from a taxable year shall be  
27 reduced to the extent that the carryover is used by the taxpayer to  
28 obtain a credit under this chapter for any subsequent taxable year.  
29 A taxpayer is not entitled to a carryback.

30       Sec. 13. (a) To receive the credit provided by this chapter, a  
31 taxpayer must claim the credit on the taxpayer's state tax return  
32 or returns in the manner prescribed by the department. The  
33 taxpayer shall submit to the department proof that the taxpayer  
34 provided qualified investment capital to a qualified Indiana  
35 business and all information that the department determines is  
36 necessary for the calculation of the credit provided by this chapter.

37       (b) The department shall record the time of filing of each return  
38 claiming a credit under section 6 of this chapter and shall, except

as provided in subsection (c), grant the credit to the taxpayer, if the taxpayer otherwise qualifies for a tax credit under this chapter, in the chronological order in which the return is filed in the calendar year.

(c) If the total credits approved under this section equal the maximum amount allowable in a calendar year, a return claiming the credit filed later in that calendar year may not be approved.

SECTION 5. [EFFECTIVE JULY 1, 2002] IC 6-3.1-24, as added by this act, applies to taxable years beginning after December 31, 2003.

SECTION 6. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 6-1.1-1 apply throughout this SECTION.

(b) Subject to subsection (c), the effective date of 50 IAC 2.3, 50 IAC 5.2 (to the extent that it applies to the assessment of real property), or any other rule to the extent that it applies to the assessment of real property and is adopted by the state board of tax commissioners or the department of local government finance after January 1, 2001, and March 1, 2003, are delayed and first apply to assessment dates after January 1, 2003. This subsection does not prohibit the department of local government finance from issuing procedural rules or guidelines or prescribing forms that are consistent with the requirements of subsection (c).

(c) 50 IAC 2.3 (including the 2002 Real Property Assessment Manual and the Real Property Assessment Guidelines for 2002–Version A) and any other rule adopted by the state board of tax commissioners or the department of local government finance is void to the extent that it establishes a shelter allowance for real property used as a residence."

Page 1, line 8, delete "2003" and insert "2004".

Page 1, line 13, delete "2002" and insert "2003".

Page 1, line 15, delete "2003,".

Re-number all SECTIONS consecutively.

(Reference is to SB 502 as printed January 25, 2002.)

**and when so amended that said bill do pass.**

---

Representative Bauer